

April 23, 1998

TO: Mark Young
Michael McHugh

FROM: Jack Bellis

RE: MARLIN ISSUES FOR SALEM

Sometime in mid May or June I'll have to provide Management my best estimate of how much SOM SALEM has gained in the N.Y.C. test area. This SOM figure will hopefully be large enough to justify expansion of the brand repositioning. This SOM figure will also be used to project the volume opportunity that SALEM has in regions that it plans to expand to -- the finance guys will analyze the volume opportunity in relation to the cost for the expansion.

As you know, I am analyzing SALEM SOM increases via AIM and the Green Zone store audits, however, the key SOM input is MARLIN data. One question that people are already asking is how representative is Marlin data of all stores in the N.Y.C. test area? This is a concern because there are thousands of stores in the test area but only 80 Marlin stores in the test area, there are many small volume stores we don't call on, and there are calls that won't take SALEM displays/promotions. Therefore, there are those who think we will need to adjust downward any MARLIN SOM increase for SALEM (since MARLIN will not represent all stores in the test area).

If we do need an adjustment factor, it needs to be a well thought out adjustment factor and this is why I need your help. Specifically, I need your best estimate of:

- How many total stores are in test area and how many of these do we call on for SALEM.
- How many stores in test area carry at least 1 of the 4 new box styles.
- How many stores in test area have had SALEM on display (temporary or permanent) at any time since 11/97 and how many have had the brand on display continuously since 11/97 or 12/97.
- How many stores have bought any of the B1G1F offers since 11/97 and how many have bought them each time we offered the B1G1F (Nov, Jan, March).
- How many stores have bought the new box styles with 30¢ off tear tape or via any buy down you may have offered them on the new box styles?

Also, attached is Marlin data through 2/98 for the 80 stores in the Test Area that have been part of the Marlin Panel since 5/97. Among other things it shows:

- That SALEM promotion coverage (temporary or permanent) grew to a 50-60% CIV level in 1/98 and 2/98 including a B1G1F coverage level of 15-20%.
- That SALEM display coverage grew to a 50-55% CIV level in 1/98 and 2/98.
- SALEM Promoted volume accounted for about 20% of SALEM store inventory during 1/98 and 2/98.

Please call me or Ron with any questions.

Jack

Jack Bellis

Attachment

cc: Ron Grout
Connor Kennedy

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ALL OUTLETS COMBINED

3/27/98

New York
TEST AREA (NOT TO TAL REGION)

	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
SHARE										
SHARE OF VOLUME	4.73	4.78	4.58	4.55	4.47	4.39	4.41	4.39	4.52	4.83
SHARE OF FULL PRICE	5.09	5.16	4.85	4.91	4.83	4.76	4.73	4.88	4.88	5.23
SHARE OF MENTHOL DISPLAY	12.58	13.66	12.71	11.34	9.76	7.63	16.05	14.56	20.36	19.62
SHARE OF DISPLAY (NEWPORT/SALEM/KOOLHAR MENT)	19.60	22.23	20.87	16.44	15.24	11.54	23.04	19.79	27.79	24.26
PROMOTIONAL SUPPORT	8.51	7.97	12.93	14.75	14.42	19.30	29.76	34.12	59.52	59.39
% CIV ANY PROMO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.43	17.70	14.47
% CIV BSGSF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	59.52	59.39
% CIV ANY PRICE REDUCING PROMO	8.61	7.97	12.93	14.75	14.42	19.30	29.76	34.12	59.52	59.39
% CIV PREMIUM	0.00	0.00	0.00	0.00	0.00	0.00	40.58	0.00	0.00	0.00
% CIV ANY DISPLAY	22.50	22.17	18.53	16.59	10.75	15.77	36.72	52.69	50.63	50.63
PROMOTED VOLUME / DISPLAY VOLUME	5.45	2.97	6.59	8.08	8.56	10.16	10.74	14.17	20.57	21.10
% VOLUME ANY PROMO	5.45	2.97	6.59	8.08	8.56	10.16	10.74	14.17	20.57	21.10
% VOLUME BSGSF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.64	1.79	1.21
% VOLUME ANY PRICE REDUCING PROMO	5.45	2.97	6.59	8.08	8.56	10.16	10.74	14.17	20.57	21.10
% VOLUME PREMIUM	0.00	0.00	0.00	0.00	0.00	0.00	14.06	0.00	0.00	0.00
% VOLUME ANY DISPLAY	5.49	5.75	6.64	6.16	4.95	6.67	14.06	13.11	19.17	15.19
PRICE	2.28	2.28	2.27	2.26	2.29	2.27	2.31	2.31	2.27	2.30
AVERAGE RETAIL PACK PRICE	21.12	21.23	21.09	21.12	21.45	21.27	21.97	21.87	21.95	22.10
SHARE										
SHARE OF VOLUME	13.10	12.49	13.41	14.29	14.15	14.55	14.63	15.14	15.43	14.50
SHARE OF FULL PRICE	14.05	13.47	14.46	15.39	15.22	15.66	15.83	16.22	16.55	15.60
SHARE OF MENTHOL DISPLAY	24.15	16.38	19.82	18.64	21.54	25.58	25.29	26.22	21.94	26.59
SHARE OF DISPLAY (NEWPORT/SALEM/KOOLHAR MENT)	34.05	28.42	30.64	26.56	26.22	34.77	32.89	33.86	27.39	35.27
PROMOTIONAL SUPPORT	23.80	18.61	21.59	16.65	17.06	21.15	22.40	20.84	14.45	23.91
% CIV ANY PROMO	0.00	0.00	0.00	0.00	0.43	0.00	0.00	0.00	0.00	0.00
% CIV BSGSF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% CIV ANY PRICE REDUCING PROMO	23.80	17.57	16.96	15.34	17.06	19.68	16.87	20.84	14.45	23.91
% CIV PREMIUM	0.69	4.36	6.03	1.32	0.00	2.94	5.54	0.00	0.00	0.00
% CIV ANY DISPLAY	12.55	10.02	17.41	15.46	10.60	17.87	18.29	22.86	13.96	23.69
PROMOTED VOLUME / DISPLAY VOLUME	5.53	4.40	4.35	3.36	4.45	5.62	6.03	5.87	2.79	6.03
% VOLUME ANY PROMO	5.53	4.40	4.35	3.36	4.45	5.62	6.03	5.87	2.79	6.03
% VOLUME BSGSF	0.00	0.00	0.00	0.43	0.00	0.00	0.00	0.00	0.00	0.00
% VOLUME ANY PRICE REDUCING PROMO	5.46	3.90	4.06	3.31	4.45	5.57	5.83	5.87	2.79	6.03
% VOLUME PREMIUM	0.15	0.50	0.35	0.07	0.00	0.07	0.21	0.00	0.00	0.00
% VOLUME ANY DISPLAY	3.28	2.76	2.91	3.11	3.44	4.28	4.37	7.84	6.78	7.42
PRICE	2.29	2.30	2.29	2.29	2.31	2.31	2.35	2.35	2.36	2.35
AVERAGE RETAIL PACK PRICE	21.09	21.20	21.33	21.23	21.67	21.50	22.01	21.98	22.21	22.55

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MARLIN

New York

	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
SHARE										
SHARE OF VOLUME	5.25	5.21	4.81	4.44	4.36	4.28	3.97	3.97	3.68	4.37
SHARE OF FULL PRICE	5.61	5.61	5.18	4.79	4.72	4.63	4.29	4.28	4.20	4.72
SHARE OF MENTHOL DISPLAY	13.90	14.05	15.78	26.59	22.72	26.46	15.90	17.64	21.37	17.26
SHARE OF DISPLAY (NEWPORT/SALEM/KOOL/MAR MENT)	23.34	24.94	27.67	39.15	34.49	40.22	23.92	26.80	30.21	23.89
PROMOTIONAL SUPPORT										
% CIV ANY PROMO	99.78	99.82	99.82	99.77	99.86	99.81	99.88	99.81	99.76	99.68
% CIV BSGSF	36.07	33.47	37.64	35.45	41.76	47.86	49.71	52.81	67.07	54.90
% CIV ANY PRICE REDUCING PROMO	0.14	0.00	0.00	0.10	0.52	0.00	0.00	0.00	0.00	0.00
% CIV PREMIUM	36.07	33.47	37.64	35.45	41.76	47.86	49.71	52.81	67.07	54.90
% CIV ANY DISPLAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	21.44	19.41	20.50	29.62	22.59	36.59	29.04	41.18	40.58	38.19
PROMOTED VOLUME / DISPLAY VOLUME										
% VOLUME ANY PROMO										
% VOLUME BSGSF	15.48	18.58	17.29	19.84	23.74	27.44	23.76	31.18	33.94	24.44
% VOLUME ANY PRICE REDUCING PROMO	0.12	0.00	0.00	0.03	0.35	0.00	0.00	0.00	0.00	0.00
% VOLUME PREMIUM	15.48	18.58	17.29	19.84	23.74	27.44	23.76	31.18	33.94	24.44
% VOLUME ANY DISPLAY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PRICE										
AVERAGE RETAIL PACK PRICE	5.75	5.26	7.09	14.50	11.08	16.74	13.30	17.13	14.70	13.99
AVERAGE RETAIL CARTON PRICE	2.25	2.25	2.24	2.21	2.23	2.22	2.26	2.25	2.22	2.26
	20.46	20.57	20.52	20.79	20.75	20.91	21.52	21.30	21.41	22.13
SHARE										
SHARE OF VOLUME	1.18	1.20	1.16	1.17	1.15	1.14	1.07	1.03	1.01	1.08
SHARE OF FULL PRICE	1.29	1.30	1.26	1.27	1.25	1.23	1.16	1.11	1.10	1.17
SHARE OF MENTHOL DISPLAY	8.11	11.67	10.70	12.41	14.07	8.52	10.75	9.93	7.60	9.73
SHARE OF DISPLAY (NEWPORT/SALEM/KOOL/MAR MENT)	13.11	23.30	20.82	17.85	22.05	13.46	15.74	15.14	10.20	16.58
PROMOTIONAL SUPPORT										
% CIV ANY PROMO	2.24	17.53	11.26	8.41	15.83	7.26	15.73	21.69	22.87	4.58
% CIV BSGSF	0.00	0.00	0.00	0.00	0.43	0.00	1.31	1.33	1.23	1.16
% CIV ANY PRICE REDUCING PROMO	2.24	17.53	11.26	8.41	15.83	7.26	15.73	21.69	22.87	4.58
% CIV PREMIUM	0.00	2.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% CIV ANY DISPLAY	22.09	24.94	25.73	26.85	30.18	36.74	28.10	44.77	35.51	35.40
PROMOTED VOLUME / DISPLAY VOLUME										
% VOLUME ANY PROMO	3.14	13.08	8.92	7.51	12.11	5.78	12.34	19.33	16.49	3.55
% VOLUME BSGSF	0.00	0.00	0.00	0.00	0.56	0.00	1.08	0.91	1.22	1.41
% VOLUME ANY PRICE REDUCING PROMO	3.14	12.90	8.92	7.51	12.11	5.78	12.34	19.33	16.49	3.55
% VOLUME PREMIUM	0.00	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% VOLUME ANY DISPLAY	13.12	11.24	13.59	17.23	18.17	17.80	20.38	22.70	19.41	19.37
PRICE										
AVERAGE RETAIL PACK PRICE	2.28	2.28	2.26	2.26	2.28	2.30	2.31	2.31	2.31	2.37
AVERAGE RETAIL CARTON PRICE	20.98	20.83	20.75	20.94	21.22	21.63	21.98	21.78	21.98	22.55

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